

**Michigan Tax Preparer Handbook for
*Alternative Filing Programs***

**2008
*Michigan Business Tax E-file***



www.MIfastfile.org
www.michigan.gov/mbt

MICHIGAN BUSINESS TAX E-FILE

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CHAPTER 1

GENERAL INFORMATION

Essential Information for Fiscal Year Filers

A fiscal year “standard filer” (all filers except insurance companies and financial institutions) with a fiscal year beginning in 2007 and ending in 2008 must file two short period returns, one to report the final Single Business Tax (SBT) liability for the period from the beginning of the 2007-08 fiscal year through December 31, 2007, and the other to report the initial Michigan Business Tax (MBT) liability for the period from January 1, 2008, to the ending of the 2007-08 fiscal year.

Standard filers should refer to the MBT instruction booklet (form 4600). If taxpayer is not a standard filer, refer to the MBT instruction booklet for Financial Institutions (form 4599). Forms and instructions are available on Michigan Department of Treasury’s (Treasury’s) Web site at www.michigan.gov/taxes.

IMPORTANT ADDRESSES AND TELEPHONE NUMBERS

Michigan electronic file (e-file) publications and forms are available on Treasury’s Web site at www.MIfastfile.org. For questions about the e-file program, contact the Alternative Filing Programs staff at:

Contact Information for Tax Preparers and Software Developers Only

E-file Coordinator and Alternative Filing Programs Manager	Annette L. Olivier-Wolfe
Program Area, Testing, File Specifications and Record Layouts	Scott Bunnell, Nancy Agostini
E-mail	MIefile2D@michigan.gov
Telephone	(517) 636-4450
Teletypewriter (TTY) Assistance	(517) 636-4999 (TTY only)
Fax	(517) 636-4378
IRS MeF State Acknowledgment Service	(866) 255-0654
Michigan E-file Web Site	www.MIfastfile.org
Michigan Treasury Web Sites	www.michigan.gov/taxes www.michigan.gov/mbt www.michigan.gov/treasury
Mailing Address	Alternative Filing Programs Office Michigan Department of Treasury P. O. Box 30058 Lansing, Michigan 48909

This contact information is for **tax preparers and software developers only** and enables Treasury to provide better service to authorized e-file providers. The Alternative Filing staff is unable to provide return status information or address specific taxpayer account issues. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the regular error resolution process. Treasury will, however, discuss return situations with the preparer if the appropriate authorization box has been completed on the return.

Alternative Filing staff is available Monday through Friday, 8 a.m. to 5 p.m. EST, except State holidays. When leaving a phone message, give as much detail as possible so that Alternative Filing staff can research the question(s) and have the answer(s) ready when they call back. Speak clearly and spell any difficult names.

Treasury does not recommend sending account-specific information over the Internet. Federal and State disclosure laws require that taxpayer privacy and the confidential records that are filed with Treasury are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

E-mail LISTSERV for Tax Professionals

The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds to all subscribers. Sign up to receive electronic communications on Treasury's e-file programs and other information of interest. To subscribe to this service or for additional information, visit *www.MIfastfile.org* and select Tax Preparer.

Self Service Options

Treasury offers a variety of services designed to assist taxpayers and most are available 24 hours a day, seven days a week. To obtain information about an account, the following information from the return is required:

- Filer's Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) number
- Gross receipts or business income, gross direct premiums written in Michigan, or net capital for current year
- Month and year
- Return type filed
- Organization type.

Internet Option

www.michigan.gov/bustax

This secure Web site was designed specifically to protect personal tax information. Use this Web site to:

- Check status of return filed
- Check status of refund

- Ask Treasury a question and review the answer on a specific account
- Ask Treasury a general question and review the answer
- Check estimated payments (not available until after first MBT return received)
- Change your address.

www.michigan.gov/taxes

Use this Web site to:

- Obtain copies of current and prior year tax forms
- Register for business taxes
- Review Frequently Asked Questions.

Customer Contact Center

Taxpayers may speak with one of Treasury's customer service representatives from 8:00 a.m. to 4:45 p.m. EST, Monday through Friday, excluding State Holidays by calling (517) 636-4657.

Telephone assistance is available using TTY equipment by calling (517) 636-4999.

STATE OF MICHIGAN HOLIDAY SCHEDULE

2008 - 2009 Holiday Schedule

September 1, 2008	Labor Day
November 4, 2008	Election Day
November 11, 2008	Veterans' Day
November 27 and 28, 2008	Thanksgiving
December 24 and 25, 2008	Christmas
December 31, 2008	New Year's Eve
January 1, 2009	New Year's Day
January 19, 2009	Martin Luther King Jr's Birthday Observed
February 16, 2009	Presidents' Day
May 25, 2009	Memorial Day
July 3, 2009	Independence Day
September 7, 2009	Labor Day
November 11, 2009	Veterans' Day
November 26 and 27, 2009	Thanksgiving
December 24 and 25, 2009	Christmas
December 31, 2009	New Year's Eve

IRS Publications and Questions

For more information or to request copies of Internal Revenue Service (IRS) publications, contact the IRS e-help desk at 1-800-829-3676. Written requests for publications may be sent to:

Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903

CHAPTER MICHIGAN BUSINESS TAX FED/STATE E-FILE

BENEFITS OF MBT E-FILE

- **Fast.** MBT e-file returns will be processed much faster than paper returns. Paper-filed returns will take longer to process.
- **Convenient.** No more paper returns to mail. Prepare and transmit MBT returns using software that has been approved by Treasury.
- **Accurate.** Treasury processes the same data that is entered into the computer. The computer program checks for math errors before the return is accepted. E-file returns have significantly less chance of error compared to paper returns.
- **Secure.** Only the preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.
- **Customer Service.** Receive electronic proof from both the IRS and Michigan that returns were received.
- **More detailed error conditions.** New explanations pinpoint the location of the error in the return and provide complete information in the Acknowledgment File in plain English.
- **PDF Attachments. Modernized e-File (MeF)** accepts Portable Document Format (PDF) attachments with MBT e-filed returns. See pages 14 through 17 for more information.
- **Amended returns.** MBT can process amended returns.

INTRODUCTION

Treasury has joined with the IRS to provide for electronic filing of MBT returns. The Fed/State e-file program continues to work together to provide tax preparers with an efficient method of filing their clients' MBT returns electronically.

Filing of tax returns electronically is secure, fast, and convenient. The MBT e-file program provides Michigan taxpayers with the opportunity to e-file MBT returns that were prepared using a computer software program. If an error occurs on a return, the e-file software sends an error message and allows the tax preparer to immediately correct the mistake before the return is transmitted.

Treasury is committed to processing MBT e-file returns in less than half the time of paper returns, and account resolution for MBT e-file returns will receive priority over paper returns.

For more information and program updates, visit Treasury's Web site at www.MIfastfile.org.

HIGHLIGHTS AND IMPORTANT INFORMATION FOR TAX YEAR 2008

E-file Requirements

To optimize operational efficiency and improve customer service, Treasury is supporting e-file for the first year of the MBT by participating in the IRS Fed/State MeF program.

The e-file mandate for SBT is being continued for software developers supporting MBT, effective January 1, 2010, for the 2009 tax year. Software developers producing MBT preparation software will need to support e-file for all eligible MBT forms that are included in their tax preparation software. Therefore, all eligible 2009 MBT returns prepared using software must be e-filed.

General Program Information

Accounts using a Michigan-issued TR number must use an FEIN for Fed/State e-filing. Information and forms to apply for an FEIN may be obtained at www.irs.ustreas.gov/businesses or by calling the IRS at 1-800-829-4933 and registering over the phone.

Registration changes (name, address, phone number, filing date, etc.) must be made by submitting form 163 NOTICE OF CHANGE OR DISCONTINUANCE which can be found online at www.michigan.gov/taxes.

Once the return has been accepted and acknowledged, the taxpayer must file an amended form 4567 MICHIGAN BUSINESS TAX ANNUAL RETURN or 4583 MICHIGAN BUSINESS TAX SIMPLIFIED RETURN if changes to the accepted return are necessary. Check the box in the upper-right corner of the return to indicate it is an amended filing. MBT amended returns may be e-filed.

Due Dates of Annual Returns

Annual returns are due on or before the last day of the fourth month after the end of the tax year. For example, a return for calendar year 2008 is due April 30, 2009. A return for a short year ending October 31, 2008, is due February 28, 2009.

For tax years ending in 2008, fiscal year taxpayers are granted an automatic extension for the 2008 fiscal year annual return to April 30, 2009. An extension of time to file is not an extension of time to pay. For additional information regarding due dates, see the “Due Dates of Annual Returns” section in the corresponding MBT instruction booklet.

MBT FED/STATE E-FILE PROGRAM PAYMENT OPTIONS

Michigan will accept MBT e-file returns with a balance due at any time during the e-file processing season. Payments must be sent with form 4576 MBT E-FILE ANNUAL RETURN PAYMENT VOUCHER (MBT-V).

To ensure payments are correctly applied to the account, only the nine-digit FEIN should appear in the Federal Employer Identification Number box on the MBT-V. This information must be correct to ensure correct posting of the annual payment.

E-filers must furnish MBT-V forms to taxpayers choosing to mail their payment on a balance due return. Instructions for completing and mailing form MBT-V are located on the form. Copies of federal and Michigan returns and schedules should not be mailed to Treasury. See Appendix for a sample of the form MBT-V.

Important! To ensure timely posting of payments, use form MBT-V only for MBT e-file Annual Return payments. Do not use form MBT-V to make other payments to the State of Michigan. Do not include form MBT-V when mailing a paper return and payment.

MBT FED/STATE E-FILE PROGRAM KEY DATES AND REFERENCE INFORMATION

Michigan MBT Fed/State E-file Calendar

For Tax Period January 1, 2008 to December 31, 2008:

Electronic Return Acceptance Period	Identical to the IRS
Begin Federal and State Software Testing*	November 2008
Begin Transmitting Returns to the IRS and Michigan Department of Treasury	January 2009
Last Day to Transmit Michigan Returns Electronically	Identical to the IRS
Last Day to Retransmit Previously Rejected Returns	Identical to the IRS

*State testing for software developers will begin after developers have received some acceptance acknowledgments in accordance with IRS guidelines.

State Program Description

Type of e-file Program	Fed/State and State Stand Alone
Paper Refund Timeframe	Considerably longer
Direct Deposit	No
Electronic Fund Transfer	Yes
Balance Due Returns	Yes
Signature Process	Fed/State - Michigan accepts the federal signature method. State Stand Alone - Attach MI-8453-MBT

Publications

The following publications describe the Fed/State e-file process:

Internal Revenue Service Publications and Forms – www.irs.gov.

<i>Publication 3112</i>	<i>IRS e-file Application and Participation</i>
<i>Publication 4162</i>	<i>Modernized e-File Test Package for Forms 1120/1120S</i>
<i>Publication 4163</i>	<i>Modernized e-File (MeF) Information for Authorized IRS e-file Providers of Forms 1120/1120S</i>
<i>Publication 4164</i>	<i>Modernized e-File Guide for Software Developers and Transmitters</i>

Michigan Department of Treasury Publications and Forms – www.Mifastfile.org.

<i>Publication 4606</i>	<i>Michigan Tax Preparer Handbook for Alternative Filing Programs - MBT</i>
<i>Form 4576</i>	<i>MBT-V, MBT e-file Annual Return Payment Voucher</i>
<i>Form 4665</i>	<i>MI-8453-MBT, Michigan Business Tax Declaration for e-file</i>

MBT FED/STATE MeF PROGRAM

Tax preparers and transmitters accepted in the IRS e-file MeF program may participate in the MBT Fed/State e-file program and e-file MBT returns through the MeF program.

Michigan accepts two kinds of submissions:

- (1) Fed/State (linked), and
- (2) State Stand Alone (unlinked).

How Fed/State E-file Works

Tax preparers and transmitters accepted in the IRS Fed/State MeF Program may submit federal and/or State returns to the IRS. The State submission can be linked to the IRS submission by including the Submission ID of the federal return. If the State submission is linked to an IRS submission (also referred to as Fed/State return), the IRS will check to see if there is an accepted IRS submission under the Submission ID. If there is not an accepted federal return for that tax type, the IRS will deny the State submission and an acknowledgment will be sent to the transmitter. Treasury has no knowledge that the State return was denied (rejected) by the IRS. If there is an accepted federal return under that Submission ID, MeF will perform minimal validation on the State submission. MeF will then pass along to the State what the Electronic Return Originator (ERO)/taxpayer sends in the State submission. After the State data is retrieved, it will be acknowledged and, if accepted, processed by Treasury.

Note: The IRS recommends if a state submission is linked to an IRS submission, send the IRS submission first and, after it has been accepted, send in the state submission.
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How State Stand Alone E-file Works

Tax preparers and transmitters accepted in the IRS e-file program may submit State Stand Alone returns if that filing option is supported by their software. If the ERO does not link the State return to a previously accepted federal return (also referred to as State Stand Alone return) the IRS will perform minimal validation on the State submission. The State data will then be made available for retrieval by Treasury. After the State data is retrieved, it will be acknowledged and, if accepted, processed by Treasury.

Treasury will acknowledge receipt of all returns retrieved from the IRS. The transmitter should receive the Michigan acknowledgment within three business days from the date the return is successfully transmitted to the IRS. The Electronic Transmitter Identification Number (ETIN) must be entered correctly in the software to receive acknowledgments.

Electronic Michigan Data

Treasury will support the following forms, schedules, and binary attachments for MBT Fed/State e-file for tax year 2008.

<u>Form</u>	<u>Title</u>
3581	Historic Preservation Tax Credit
4567	Annual Return
4568	Nonrefundable Credits Summary
4569	Single Business Tax (SBT) Credit Carryforwards
4570	Credits for Compensation, Investment, and Research and Development
4571	Common Credits for Small Businesses
4572	Charitable Contribution Credits
4573	Miscellaneous Nonrefundable Credits
4574	Refundable Credits
4575	Loss Adjustment Worksheet for the Small Business Alternative Credit
4577	Schedule of Shareholders and Officers
4578	Schedule of Partners
4580	Unitary Business Group Combined Filing Schedule
4582	Penalty/Interest Computation for Underpaid Estimated Tax
4583	Simplified Return
4585	Investment Tax Credit Recapture From Sale of Assets Under Single Business Tax
4586	Schedule of Business Activity Protected Under Public Law 86-272
4587	Schedule of Recapture of Certain Business Tax Credits and Deductions
4588	Insurance Company Annual Return for Michigan Business Retaliatory Taxes
4590	Annual Return for Financial Institutions
4593	Book-Tax Difference

Form**Title**

4594 Farmland Preservation Tax Credit
 4595 Renaissance Zone Credit Schedule
 4596 Miscellaneous Credits for Insurance Companies

To avoid posting of duplicate returns, copies of federal and Michigan returns and schedules should not be mailed to Treasury unless requested.

Note: Fiscal year filers are eligible to e-file MBT returns.

Attachments

Treasury will accept PDF attachments with MBT e-filed returns. Following is a list of MBT forms, line references, and filing conditions where attachments are accepted by Michigan.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>File Name</u>	<u>Required</u>
3581	1	Additional Project Codes	HPTCProjectCode.pdf	
4573	4	Unitary business group (UBG) member state return-Pro forma**	MemberStateReturn_XXXXXxxx.pdf	
4573	7	UBG member state return-Pro forma**	MemberStateReturn_XXXXXxxxx.pdf	
4573	7	Start-Up Business Credit-Michigan Economic Development Corporation (MEDC) Certification Letter*	MEDC.pdf	
4573	11	Next Energy Business Activity Credit - MEDC Certificate*	MEDC.pdf	
4573	34	UBG member state return-Pro forma**	MemberStateReturn_XXXXXxxxx.pdf	
4573	65	UBG member state return-Pro forma**	MemberStateReturn_XXXXXxxxx.pdf	
4574	1	Michigan Economic Growth Authority (MEGA) Research and Development - MEDC Annual Tax Credit Certificate*	MEDC.pdf	

* All MEDC documents should be included in **one** "MEDC.pdf" attachment.

** "XXXXXXXXXX" in File Name equals FEIN of member.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>File Name</u>	<u>Required</u>
4574	2	Property Tax Bills Paid on Industrial Personal Property	PPTC1.pdf	Yes
4574	4	Property Tax Bills Paid on Telephone Personal Property	PPTC2.pdf	Yes
4574	6	Property Tax Bills Paid on Natural Gas Pipeline Personal Property	PPTC3.pdf	Yes
4574	9	UBG Department of Energy, Labor, and Economic Growth (DELEG) documentation for each member	DELEG.pdf	
4574	11	Any UBG member claiming the Next Energy Payroll Credit. Statement identifying the UBG member(s) and providing information requested on the form.	NextEnergyPayroll.pdf	
4574	13	MEGA Employment Tax Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	
4574	16	Hybrid Technology Research and Development Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	
4580	19	SBT business loss carryforward deduction. Pro forma Modified Gross Receipts Tax Base for this member.**	ModifiedGRTaxBase_XXXXX XXXXX.pdf	
4580	33	Prior Year SBT Credit Carryforwards - Schedule	SBTCreditCarryforward.pdf	
4581	--	MBT Schedule of Business Activity for Non-Designated Members of a UBG Protected Under Public Law 86-272	4581.pdf	
4587	--	UBG member recapture statement	MBTSBTRecap.pdf	

* All MEDC documents should be included in one "MEDC.pdf" attachment.

** "XXXXXXXX" in File Name equals FEIN of member.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>File Name</u>	<u>Required</u>
4588	36	Fees and Assessments: Other fees paid in the state of incorporation. Detailed schedule of fees - Other Fees Schedule	OtherFeesSchedule.pdf	
4588	41	Fees and Assessments: All other assessments. Detailed schedule of assessments - Other Assessments Schedule	OtherAssessmentsSchedule.pdf	
4588	--	Schedule T from Annual Statement	ScheduleT.pdf	
4588	--	Michigan Business Page from Annual Statement	MichiganBusinessPage.pdf	
4588	--	Copy of the state of incorporation tax form on which Michigan premiums were reported	StateIncorporationReturn.pdf	
4594	Part II	Agreement Property Tax Statements (Bills)	FarmlandTaxBill.pdf	
4594	30	UBG member state return - Pro forma**	MemberStateReturn_XXXXX.pdf	
4594	--	A copy of any recorded Farmland Development Rights Agreement(s) (FDRA) not claimed on the previous year's return.	FDRANotClaimedPrev.pdf	
4594	--	An official allocation of the tax statement amount between property subject to an FDRA and property not covered by an FDRA.	OfficialAllocation.pdf	
4594	--	A copy of the receipt showing payment of year 2007 or 2008 property taxes.	ReceiptPropertyTaxes.pdf	
4594	--	Business Income Tax Worksheet.	BusinessIncomeWorksheet.pdf	

* All MEDC documents should be included in one "MEDC.pdf" attachment.

** "xxxxxxxx" in File Name equals FEIN of member.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>File Name</u>	<u>Required</u>
4596	2	MEGA Employment Tax Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	
4567 4583 4588 4590 4594	State Stand Alone Return	MI-8453 e-file Signature Document	MI8453.pdf	Yes
4567 4583	--	Gross Receipts/Business Income Worksheet	GR-BIWorksheet.pdf	
4567 4590	--	UBG member federal return - Pro forma**	MemberFedReturn_xxxxxxxxx.pdf	
4567 4583 4588 4590	--	Additional return or schedule information	Addendum.pdf	
4567 4590	--	UBG member financial statements**	MemberFinancialStatement_xxxxx xxxx.pdf	
4567 4590	--	UBG - Worksheet showing removal of data for federal members that are not on the combined MBT.	RemovedMemberWorksheet.pdf	
4567 4590	--	UBG - Worksheet showing intra- group eliminations	Intra-groupEliminatons.pdf	

* All MEDC documents should be included in one "MEDC.pdf" attachment.

** "xxxxxxxxx" in File Name equals FEIN of member.

If the MBT return includes supporting documentation or attachments that are not on the approved list of attachments for e-file, the return can still be e-filed with the additional attachments. Follow software instructions for including additional attachments. The preparer/taxpayer should retain copies of all documentation or attachments in his or her files.

Federal Forms

At a minimum, information from the following federal forms should be included when e-filing the MBT return.

Corporations: U.S. Form *1120* (pages 1 through 4), *Schedule D*, Form 851, Form 4562, and Form 4797. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.

S Corporations: U.S. Form *1120-S* (pages 1 through 4)*, *Schedule D*, Form 851, Form 4562, Form 4797, and Form 8825.

Partnerships: U.S. Form *1065* (pages 1 through 4)*, *Schedule D*, U.S. Form 4797, and U.S. Form 8825.

Limited Liability Companies: Attach appropriate schedules shown above based on federal return filed.

***Do not send copies of K-1s. Treasury will request them if necessary.**

Fiscal year filers who choose the actual method to compute their final return should prepare a pro forma federal return reflecting actual income and expenses in accordance with the method of accounting used in prior fiscal years. That pro forma return must be included with MBT return.

Additionally, fiscal year filers can also e-file using the annual method. The federal data included with these returns will be for the full federal filing period.

The “2008 Supplemental Instructions for Standard Initial Fiscal MBT Filers” section in the MBT instruction booklet states:

“Federal Returns. If using the annual method to compute the final fiscal return, attach copies of all federal forms required. See page 13 for details. If you choose the actual method to compute your initial return, attach a pro forma federal return calculation reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro forma federal return calculation must include all income, expenses, and adjustments required. If using the actual method, also attach a copy of quarterly or monthly financial statements for 2007-08.”

Non-electronic Portion

When the following forms are included in a filing, the MBT return can be e-filed but the forms listed below must be mailed.

- Form 4 Application for Extension for Time to File Michigan Income Tax Return
- Form 3614 Historic Preservation Tax Credit Assignment

Exclusions From E-file

MBT Fed/State e-file is **not** available to taxpayers who file the following forms or meet the following conditions:

- Taxpayer files the following form:
 - 4579 Qualified Affordable Housing Seller's Deduction
 - 4584 Election of Refund or Carryforward of Credits
 - 4589 Film Credit Assignment
 - 4597 Tribal Agreement Apportionment
 - 4598 Tribal Agreement Ownership Schedule.
- Taxpayer has a Michigan-issued TR number. Information and forms to apply for an FEIN may be obtained at www.irs.ustreas.gov/business or by calling the IRS at 1-800-929-4933 and registering over the phone.
- Taxpayer has an organization type of "Individual" or "Fiduciary."
- Taxpayer is claiming the following credits:
 - Anchor Company Taxable Value Credit
 - Anchor Company Payroll Credit
 - Brownfield Rehabilitation Credit
 - MEGA Federal Contract Credit
 - Film Production Credit
 - Tribal Credit
 - Individual or Family Development Account Credit (IFDA)
 - MBT Additional Tax Credit for Qualified Utilities Making Certain Capital Investments
 - International Auto Show Credit.

Signing an Electronic Return

A return filed through the IRS MeF program is a composite of electronically transmitted data. As with any tax return submitted to Treasury on paper, an electronic tax return must be signed by an authorized tax return signer, the ERO (if applicable), and the paid preparer (if applicable).

The MBT Fed/State e-file signature process is as follows:

Fed/State (linked) Returns: Michigan will accept the federal signature scanned form 8453 option or the Practitioner Personal Identification Number (PIN) option. The State return may be transmitted with the federal return or at a separate time. As long as there is an IRS submission ID that links the two returns together, it is considered a Fed/State filing. Michigan does not require any additional signature documentation.

State Stand Alone (unlinked) Returns: State Stand Alone returns must be signed using form 4665 MICHIGAN BUSINESS TAX DECLARATION FOR E-FILE (MI-8453-MBT). The completed MI-8453-MBT must be included as a scanned attachment when transmitting the MBT return electronically.

APPLICATION AND ACCEPTANCE PROCESS

E-filing of Michigan MBT returns is available to all e-filers who have been accepted into the IRS Fed/State MeF program and who transmit returns to the IRS.

To participate in the Fed/State and State-Only e-file Programs, applicants must apply to the IRS and be accepted. Anyone who registers with IRS e-Services can create a new (or revised) application online to participate in IRS e-file. Applicants may also complete and mail in a paper form 8633 APPLICATION TO PARTICIPATE IN THE IRS E-FILE PROGRAM if the electronic online option for submitting a new or revised application is not used. Individuals are encouraged to register with IRS e-Services and create a new (or revised) IRS e-file Application. Form 8633 is available from the IRS at 1-866-255-0654, or on the IRS Web site at www.irs.gov. It is recommended applicants complete the e-Services registration and IRS e-file Application process at least 45 days before planning to e-file any returns.

Upon receipt of completed form 8633, the IRS Service Center assigns an EFIN and, if applicable, an ETIN to the applicant.

Failure to apply will preclude participation in the program.

Once accepted in the IRS e-file program, participation in Michigan's e-file program is automatic. Treasury will use the EFIN assigned by the IRS. Michigan does not assign any additional identification numbers.

TRANSMITTING THE MBT FED/STATE RETURN ELECTRONICALLY

The ERO, preparer, and/or electronic transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS and Treasury for participation in the MBT and IRS MeF programs.

Where to Transmit Fed/State and State Stand Alone Returns

Participants must confirm with their software developers that the software has been accepted for transmitting returns through the IRS Fed/State MeF program. Participants should also confirm that the Michigan e-file portion of the software program is operational before transmitting returns.

The IRS and Michigan electronically acknowledge receipt of all return submissions.

MBT ACKNOWLEDGMENTS AND BUSINESS RULES (REJECTION CODES)

Acknowledgment of Michigan Electronic Returns

The Michigan acknowledgment informs transmitters that the Michigan return data has been received. The Michigan acknowledgment is separate from the federal acknowledgment.

Do not assume that an acknowledgment from the IRS is a guarantee of receipt by Michigan.

Treasury will generate an acknowledgment for all returns received. The acknowledgment for the Michigan return will be available to the transmitter **within three business days** of successful transmission to the IRS. Transmitters who transmit for EROs and preparers must notify taxpayers of the Michigan acknowledgment at the time of receipt.

Treasury will perform certain checks on the return during the acceptance process. **All returns, whether e-filed or paper-filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given.**

Filing Status:

- A** Electronic return was **accepted** and will be reviewed and processed.
- R** Electronic return was **rejected**. Rejections other than duplicates can be corrected and retransmitted.

The **MBT e-file Business Rules (rejection codes) document** is posted on the Michigan Business Tax Electronic Filing Programs Web page under Other Helpful Information.

Treasury offers preparers the following options when Michigan returns are rejected, or if the preparer or transmitter encountered problems during transmission and the Michigan return or portion of the return was not transmitted with the federal return.

- Michigan return can be retransmitted as a State Stand Alone return if the software supports State Stand Alone filing.
- If the software does not allow for State Stand Alone e-file, the preparer may fax the Michigan return and accompanying attachments to the Alternative Filing Programs Office at (517) 636-4378.

RESPONSIBILITIES OF TRANSMITTERS AND ELECTRONIC RETURN ORIGINATORS

Electronic filers, transmitters, and EROs must abide by the terms set forth in the Michigan and IRS guidelines and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the MBT and IRS MeF programs.

Electronic Return Originator or Preparer

An ERO is the person or firm who constructs the return information for the taxpayer for the purpose of electronically filing a tax return. Michigan requires that participants first be accepted into the IRS MeF program to participate in the Michigan program.

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring the return arrives at Treasury. In the event the e-filed State return fails to arrive or is rejected and cannot be retransmitted, preparers must notify their clients to file a paper return.

Transmitter

A transmitter is the business or individual who electronically sends the file of return data to Treasury. In most cases the software developer will be the transmitter.

The date the electronic return is posted and acknowledged by Treasury constitutes the receipt date of the return. Any return **not** acknowledged by Treasury as "accepted" is considered not filed.

Program Compliance

All electronic filers must comply with IRS requirements and specifications, and Michigan requirements as set forth in the *Michigan Tax Preparer Handbook for Alternative Filing Programs* and *Publication 4309 Michigan MBT Fed/State E-File Specifications and Software Developer Guide*.

If, after acceptance, a transmitter/software developer has production problems, Treasury reserves the right to suspend that transmitter/software developer until the problems are resolved to Treasury's satisfaction.

Safeguarding the E-file Program From Abuse and Fraud

All authorized e-file providers must be diligent in recognizing and preventing fraud and abuse in the e-file program. Neither the IRS, Michigan, nor the program participants benefit when fraud or allegations of abuse tarnish the integrity and reputation of the program. Providers with problems involving fraud and abuse may be suspended or expelled from participation in Michigan's e-file program, be assessed civil and preparer penalties, or be subject to legal action. Please refer to IRS *Publication 4557 Safeguarding Taxpayer Data, A Guide for Your Business*, and *Publication 4600 Safeguarding Taxpayer Information*.

Changes on the Return

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted, or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed electronically or on paper.

APPENDIX

MBT-V	Instructions
	2008 MBT Forms and Instruction Booklets
	MBT Business Rules (Rejection Codes)